

UNITED STATES OF AMERICA
POSTAL REGULATORY COMMISSION
WASHINGTON, D.C. 20268-0001

Market-Dominant Price Change

Docket No. R2021-2

CHAIRMAN'S INFORMATION REQUEST NO. 2

(Issued June 4, 2021)

To clarify the basis of information provided by the Postal Service in its Notice of Market Dominant Price Change, filed May 28, 2021,¹ the Postal Service is requested to provide written responses to the following questions. Answers should be provided to the individual questions as soon as they are developed, but no later than June 11, 2021.

First-Class Mail

1. In the Notice, the Postal Service describes a new rate structure for Nonautomation Machinable and Nonmachinable Letters. Notice at 8-9. The Postal Service states “the restructuring introduces four new prices and corresponding workshare discounts in Nonautomation Machinable and Nonmachinable Letters. Specifically, within Nonautomation Machinable Letters, a new Nonautomation Mixed AADC discount is replacing the existing Nonautomation Machinable Letters discount (the benchmark remains Metered Letters), and a new discount is being added for Nonautomation Machinable AADC Letters, benchmarked to Mixed AADC. Within Nonmachinable Letters, the Postal Service is adding new discounts for 5-Digit and 3-Digit Letters.” *Id.*
 - a. Please identify the four new workshare discounts referred to in the Notice. In the response, please explain whether the Postal Service considers the

¹ United States Postal Service Notice of Market-Dominant Price Change, May 28, 2021 (Notice).

Nonautomation Machinable Letters Mixed AADC discount and the Nonmachinable Letters Mixed ADC discount to be replacements of the prior Presorted discounts and whether they are included in the Postal Service's count of four new workshare discounts.

- b. If the new Nonmachinable Letters Mixed ADC is a price with a worksharing discount, please identify the worksharing benchmark, discount, and avoided cost.

USPS Marketing Mail

- 2. Please refer to page 63 of Attachment A to the Notice. Please confirm that the dates for the Mobile Shopping Promotion should be September 1, 2022 to December 31, 2022 and not September 1, 2021 to December 31, 2021. If not confirmed, please explain.
- 3. Please refer to page 13 of the Notice, where the Postal Service describes its intent to create a new 1-cent discount for High Density Flats on 5-Digit pallets.
 - a. Please describe in detail how this new discount would benefit the Postal Service operationally. In the response, please identify which mail processing operations would be affected by this new discount and how they would be affected.
 - b. Please describe in detail any expected differences in processing between 5-Digit High Density/Saturation Flats pallets and other High Density/Saturation Flats pallets.
 - c. Please provide any internal studies or analyses conducted by the Postal Service detailing the operations, costs, or service impacts of this new discount.
 - d. Please provide any studies examining the estimated cost savings from this new discount and explain in detail whether the studies' findings are achievable and repeatable across most mail processing facilities.

- e. Please explain whether and how the addition of this new discount would affect the processing of other flat shaped mailpieces, including the timeliness of processing, delivery, and transportation.
- f. Please explain whether the Postal Service projects that mail prepared pursuant to the requirements of the new discount would achieve better service performance. If yes, please provide any studies, data, or analyses supporting this projection.
- g. The Postal Service states it is not possible for all Carrier Route Flats discounts to achieve compliance with the Commission's worksharing regulations without introducing prices that are irrational. Notice at 17. In Docket No. RM2021-6, the Postal Service is proposing to "stop separately calculating and reporting workshare discounts and percentage passthroughs for dropship [USPS] Marketing Mail Carrier Route Flats on [5-Digit] pallets and instead calculate and report workshare discounts and percentage passthroughs for all dropship [USPS] Marketing Mail Carrier Route Flats together."² Please explain whether the addition of this new discount could create a situation where it is impossible for all High Density/Saturation Flats to be in compliance with the Commission's worksharing regulations of 39 C.F.R. part 3030, subpart J. With the response, please provide supporting workpapers.

² Docket No. RM2021-6, Petition of the United States Postal Service for the Initiation of a Proceeding to Consider Proposed Changes in Analytical Principles (Proposal Three), April 8, 2021, at 9.

4. The Postal Service states that the only way to bring all six Carrier Route Flats discounts into compliance with the Commission's worksharing regulations, is to introduce "prices that are irrational on their face, such as higher prices for dropshipping at the DDU than at the DSCF." Notice at 17. Please explain whether this suggests there may be some inaccuracies with the way avoided costs are calculated for Carrier Route Flats.

Periodicals

5. In Excel file "Attachment B R2021-2.xlsx," tab "Passthroughs_WC," cell "G14" is \$0.000, resulting in a passthrough of 0.0 percent in cell "I14." Please explain why the workshare discount for 3-Digit Automation Letters was not brought into compliance with 39 C.F.R. § 3030.284, either by ensuring that the passthrough ratio is at least 85 percent or by raising the discount by at least 20 percent.
6. In Docket No. ACR2020, Library Reference USPS-FY20-3, December 29, 2020, Excel file "FY20.3 Worksharing Tables," tab "Within County Worksheet," cells "C38:C40" contain the Periodicals mail processing costs for Automation Basic, 3-Digit, and 5-Digit. In Excel file "Attachment B R2021-2.xlsx," tab "Within County Worksheet," cells "C38:C40" contain different Periodicals mail processing costs for Automation Basic, 3-Digit, and 5-Digit.
 - a. Please confirm that the cells in both files should match.
 - b. If part a. is confirmed, please provide an updated Excel file "Attachment B R2021-2.xlsx" and ensure the applicable cells provide the applicable formulas or sources.
 - c. If part a. is not confirmed, please explain and provide the formulas or sources underlying the applicable cells in "Attachment B R2021-2.xlsx," filed on May 28, 2021.
7. In Docket No. ACR2020, Library Reference USPS-FY20-3, December 29, 2020, Excel file "FY20.3 Worksharing Tables," tab "Within County Worksheet," cells

“E38:E40” contain the Periodicals total costs for Basic, 3-Digit, and 5-Digit. In Excel file “Attachment B R2021-2.xlsx,” tab “Within County Worksheet,” cells “E38:E40” contain different Periodicals total costs for Basic, 3-Digit, and 5-Digit.

- a. Please confirm that the cells in both files should match.
 - b. If part a. is confirmed, please provide an updated Excel file “Attachment B R2021-2.xlsx” and ensure the applicable cells provide the applicable formulas or sources.
 - c. If part a. is not confirmed, please explain and provide the formulas or sources underlying the applicable cells in “Attachment B R2021-2.xlsx,” filed on May 28, 2021.
8. In Docket No. ACR2020, Library Reference USPS-FY20-3, December 29, 2020, Excel file “FY20.3 Worksharing Tables,” tab “Within County Worksheet,” cell “D41” contains the Periodicals delivery costs for Carrier Route. In Excel file “Attachment B R2021-2.xlsx,” tab “Within County Worksheet,” cell “D41” contains different Periodicals delivery costs for Carrier Route.
- a. Please confirm that the cells in both files should match.
 - b. If part a. is confirmed, please provide an updated Excel file “Attachment B R2021-2.xlsx” and ensure the applicable cells provide the applicable formulas or sources.
 - c. If part a. is not confirmed, please explain and provide the formulas or sources underlying the applicable cells in “Attachment B R2021-2.xlsx,” filed on May 28, 2021.

By the Chairman.

Michael Kubayanda